

Penn Plaza Industrial Park Lease Agreement

1725 Pennsylvania Avenue, Bremerton, Wa. 98337.

Phone: (360) 377 4457 or (360) 373 9666, Fax: (360) 377 3653, E-mail: pennplaza@comcast.net

This lease agreement is hereby entered into between PENN PLAZA INDUSTRIAL PARK (hereinafter referred to as Lessor) and Chase Property Services (hereinafter referred to as Tenant) upon the following terms and conditions listed below:

TENANT	<u>Chase Property Services</u>	MONTHLY RENT	<u>300.00</u>
ADDRESS	<u>Po box 912</u>	FIRST MONTH	<u>300.00</u>
	<u>Bremerton WA</u>	SET UP FEE	
ZIP CODE	<u>98337</u>	KEY DEPOSIT	
TELEPHONE	<u>792 0737</u>	SECURITY DEPOSIT	
WORK	<u>710 5907 cell</u>	MISC. SALES	
DRIVER'S LICENSE #	<u>(b) (6)</u>	TOTAL PAID	<u>300.00</u>
E-MAIL ADDRESS			
SOC. SEC. #			
DATE MOVED IN	<u>1/1/05</u>		
UNIT #	<u>B2-C</u>		

PLEASE NOTIFY LESSOR IN WRITING OF ANY CHANGE OF ADDRESS.

I specify that the below named person is to be used as my statutory alternate for any notifications regarding my tenancy.

NAME Rick Redman PHONE # 710 5907
ADDRESS 1317 N Lafayette, Bremerton RELATION IF ANY Owner
WA 98312

- 1. PREMISES.** The Lessor does hereby lease to Tenant and Tenant does hereby take and hire from Lessor that certain space called B2-C in Penn Plaza Industrial Park located at 1725 Pennsylvania Avenue, Bremerton, Kitsap County, Washington, 98337.
- 2. TERM.** The term of this lease is for a period of

From: _____

To: _____

Or shall be month to month. X

Lessor grants and gives to Tenant the right to extend this lease. The option must be exercised by written notice to Lessor at his last known post office address at least thirty (30) days before the expiration of the original term of the lease. The parties prior to the beginning of the extended period shall agree upon rental for any extended period. In the event that rental is not agreed to before the commencement of the extended period, rental when set shall be retroactive to the beginning of the extended period.

TENANT AGREES TO PAY THE BASE RENT FOR THE PREMISES WITHOUT NOTICE OR DEMAND AND WITHOUT ANY OFFSET OR DEDUCTION WHATSOEVER. THESE PAYMENTS SHALL BE PAYABLE IN ADVANCE ON OR BEFORE THE FIRST DAY OF EACH CALENDAR MONTH.

- 3. INTEREST AND LATE CHARGES.** If Tenant fails to pay when due any rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the rate of one percent (1%) per month. Tenant acknowledges that the late payment of any rent will cause lessor to lose the use of that money and incur costs and expenses not contemplated under this lease, the exact amount of which is difficult to ascertain. Therefore, in addition to interest, if any such installment is not received by Lessor within ten (10) days from due date, Tenant shall pay Lessor a late charge of 20% OF THE MONTHLY RENTAL RATE OR 20 DOLLARS, WHICHEVER IS THE SMALLER. Such payment is for handling and represents a reasonable

estimate of such costs and expenses and is fair compensation to Lessor for the loss suffered from such nonpayment. Acceptance of any interest or late charge shall not constitute a waiver of Lessor's default with respect to such nonpayment by Tenant nor prevent him from exercising any other rights or remedies available to Lessor under this Lease.

4. **ADJUSTED BASE RENT.** The Base Rent set forth above (if not month to month) shall be increased annually every 1st of January. This increase will be based on the United States Department of Labor Index, bureau of Labor Statistics Consumer Price Index for all Urban Consumers, Seattle, subgroup "All Items" (1967 = 100). Since publication of the Index is delayed, the Index for three (3) months prior to January 1 will be used for calculating annual increases. For example, an annual increase on January 1, 2001 will be obtained by dividing the Index for October 1, 2000 by the Index for October 1999. This percentage increase will be applied to the present base rent. The "Commencement date" shall mean the beginning date upon which a 12-month period of adjustment is based. The Adjustment date is a date 12 months later than the Commencement date and is the date when the BASE rent is escalated.

Your "Commencement date" is Jan 1, 192005.

Your Adjustment date will be every 12 months later.

If the Index goes down, the base rent will not be decreased for that period. When the Base Rent payable as of each Adjustment Date is determined; Lessor shall give Tenant written notice of such adjusted Base Rent and the manner in which it was computed. The Base Rent as so adjusted from time to time shall be the "Base Rent" for all purposes under this Lease.

5. **MAINTENANCE.** Tenant shall be responsible for the maintenance of the interior of said leased premises and shall do any and all redecoration's at their sole costs and shall maintain the interior of the premises in a neat and clean condition and a reasonable state of repair during the term of this lease or it's extension.

6. **INSURANCE: USE; RATE.** Tenant shall not do anything in or about the premises that will in any way tend to increase insurance rates paid by Lessor on policies of liability or casualty insurance maintained with respect to the building and/or property. In no event shall Tenant carry on any activities that would invalidate any insurance coverage maintained by Lessor.

Liability Insurance. Lessor shall during the Lease Term, at its sole expense, maintain in full force a policy or policies of comprehensive liability insurance issued by one or more insurance carriers, insuring against liability for injury to or death of persons and loss of or damage to property occurring in or on the premises and any portion of the common area which is subject to Lessor's exclusive control. Said liability insurance shall be in an amount not less than \$500,000.00 combined single limit for bodily and personal injury and property damage.

Additional Insured. Lessor shall be added as an additional insured to the insurance policies. Tenant shall furnish Lessor with copies of the insurance policies and certificates naming Lessor as an additional insured. The insurance policies also shall provide that they may not be cancelled or terminated without thirty- (30) day's prior written notice to Lessor.

Compliance with Regulations. Tenant shall, at its own expense, comply with all requirements, including installation of fire extinguishers, or automatic dry chemical extinguishing systems, of the insurance underwriters or any governmental authority having jurisdiction there over, necessary for the maintenance of reasonable fire and extended insurance for the building.

Waiver of Subrogation. Lessor and Tenant each releases and relieves the other and waives its entire right of recovery against the other for loss or damage arising out of or incident to the perils covered by fire and extended coverage and liability insurance endorsements approved for use in the State of Washington which occur in, on or about the premises, whether caused by the negligence of either party, their agents, employers or otherwise. Each party shall obtain from its insurer provisions permitting waiver of any claim against the other party for loss or damage within the scope of the above insurance.

General Requirements. All policies of insurance required to be carried hereunder by Lessor shall be written by companies licensed to do business in Washington.

Tenant Insurance. Tenant understands that lessor does not provide insurance coverage on any of the contents of Tenant's leased area. If tenant desires insurance coverage, tenant must obtain separate coverage. Lessor will not be responsible or otherwise liable, directly or indirectly, for loss or damage to property of tenant due to any cause, including but not limited to fire, explosion, theft, vandalism, wind or water damage, any defect, whether known or subsequently created or discovered, in the

leased area, or omissions of any third party, regardless of whether such loss or damage may be caused or contributed to by the cause or negligence of the lessor, its agents or employees.

7. **UTILITIES AND PERMITS.** Tenant shall pay all utilities that are separately metered or can be attributed to their use. This shall include water, electricity, natural gas, and telephone. Heating of the interior shall be the sole responsibility of the Tenant. Tenant shall pay all fees and taxes due any governmental agency, and shall pay personal property taxes on any personal property which Tenant may maintain in the leased premises
8. **TENANT'S USE OF PREMISES.** Tenant shall use the premises solely for

book-keeping

In a manner that is not offensive to Lessor, and no other purpose. Tenant shall not use or occupy the premises in violation of law or any covenant, condition or restriction affecting the Building or Project or the certificate of occupancy issued for the Building or Project, and shall, upon notice from Lessor, immediately discontinue any use of the premises which is declared by any governmental authority having jurisdiction to be a violation of law or the certificate of occupancy. Tenant, at Tenant's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directions of any governmental agencies or authorities having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the premises, impose any duty upon Tenant or Lessor with respect to the premises or its use or occupation. A judgment of any court of competent jurisdiction, or the admission by Tenant in any action or proceeding against Tenant that has violated any such laws, ordinances, regulations, rules and/or directions in the use of the premises shall be deemed to be a conclusive determination of that fact as between Lessor and Tenant. Lessor shall not be responsible for any violation of said rules and regulations by other Tenant or occupants of the building or project. Tenant shall not conduct any activity in the building or premises to produce Hazardous Material that cannot be stored, collected, and disposed of in compliance with all Government Agency regulations. Tenant agrees to hold Lessor harmless from any fines, penalties, or clean up costs levied by any Governmental Agency for the production, use, or disposal of Hazardous Material. If Tenant is deemed in violation of any Governmental rule or agency and makes no reasonable effort to remedy the problem, it is agreed lessor may deny access to the property, and cancel the lease with thirty days (30) written notice

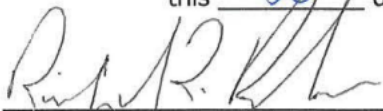
9. **SECURITY DEPOSIT.** Tenant agrees to deposit with Lessor a Security Deposit of \$_____ upon execution of this Lease, as security for Tenant's faithful performance of its obligations under this Lease. Lessor and Tenant agree that the Security Deposit may be commingled with funds of Lessor and Lessor shall have no obligation or liability for payment of interest on such deposit.
10. **SURRENDER OF PREMISES.** Tenant shall peaceably surrender the premises to Lessor on the expiration date of this lease, or upon the cancellation of this lease for the unlawful use. Tenant shall leave premises in broom-clean condition or better than when Tenant took possession. If Tenant abandons or surrenders the premises, any of Tenant's property left on the premises shall be deemed to be abandoned, and, at Lessor's option, title shall pass to Lessor under this lease. Any cost of removal of Tenant's property by Lessor shall be for the account of Tenant.
11. **DEFAULT, LIEN AND FORECLOSURE.** TENANT'S failure to pay rent or other charges within SIX (6) days after such charges are due, and/or upon failure of TENANT to vacate the premises promptly upon termination of this Agreement, LESSOR may deny TENANT access to the premises. If rent and/or other charges due, remain UNPAID FOR FOURTEEN (14) CONSECUTIVE DAYS. LESSOR has the legal right to claim a lien on any property stored on the premises, AND to sell such property to satisfy lien. If TENANT has not paid rent or other charges within fourteen (14) days of due date, LESSOR will mail, by first class mail, a Preliminary Lien Notice to TENANT and the alternate contact, at last known addresses, which will set forth the amounts due and a date on which this Agreement may be terminated and/or contents sold, if payment in full is not received. If payment in full is not received within fourteen (14) days after the date the preliminary lien notice is mailed, a Lien Sale Notice will be mailed, by first class mail, stating that the contents of the premises will be sold or otherwise disposed of, at the time and place specified in the Lien Sale Notice, if payment in full is not received. After the termination date and/or on the date of the Lien Sale, LESSOR may open the premises to inventory the contents. LESSOR may move contents to another location, or if contents

are reasonably appraised for less than three hundred dollars (\$300.00), contents may be disposed of. At any time before the Lien Sale, however, TENANT may pay the amount necessary to satisfy the lien and redeem the TENANT'S property.

- 12. SIGN CONTROL.** Tenant shall not affix, paint, erect or inscribe any sign on the outside of the buildings without written permission of the Lessor. Lessor has designated a certain size and brand of letters allowed on the building. If Tenant desires such a sign it will be the tenant's sole responsibility and cost to affix such a sign.
- 13. ASSIGNMENTS AND SUBLETTING.** Tenant shall not have the right at any time during the original term of this lease or any extension or renewal thereof, to assign this lease or to sublet the whole or any portion thereof without the written consent of Lessor. In the event that Lessor consents to the subletting of said premises, such subletting and acceptance by lessor of any rent or other sum of money from any subleases shall not release Tenant from any of its obligations under this lease.
- 14. INDEMNIFICATION.** Tenant shall indemnify and hold harmless the Lessor from any and all Liabilities, penalties, damages, expenses and judgment by reason of any injury or claim of injury to person or property of any nature and howsoever caused, arising out of the use, occupation and contract of the demised premises, or the streets, alleys and sidewalks adjacent thereto, by Tenant at any time during the demised term, including those resulting from any work in connection with alterations, changes, new construction or demolition. Tenant shall keep in full force and effect such insurance policies covering liability as will fully protect Lessor and Tenant against claims or any and all persons for personal injury, death or property damage occurring in, on or about the demised premises.
- 15. ALTERATIONS, IMPROVEMENTS AND CHANGES.** Tenant shall keep and maintain the premises by redecorating the interior as needed during the term of this lease, but shall have no right to make any major alterations, structural changes to the building situated upon the leased real property without first having obtained in writing the consent of the Lessor to any such improvements, alterations and/or changes and if such is given, such changes and alterations shall be done at the sole expense of the Lessee and shall be in accordance with whatever building code or regulation is in effect by any government or lawful authority at the time.
- 16. ATTORNEY'S FEES.** If Tenant or Lessor shall bring any action for any relief against the other, declaratory or otherwise, arising out of this lease, including any suit by Lessor for the recovery of rent or possession of the premises, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs. Such fees and costs shall include those fees and costs incurred at trial, on appeal, or in any bankruptcy proceeding.
- 17. CONDEMNATION.** In the event the premises are taken by any lawful government authority by exercise of the right of eminent domain, this lease shall terminate and Tenant shall have no right to share in the award or compensation paid therefore the value of the land and improvements, but shall have the right only to negotiate for their loss of use of the premises for the balance of any term remaining with such condemning authority.
- 18. MODIFICATIONS AND CHANGES.** This lease shall not be changed orally, but only by agreement in writing signed by both parties thereto.
- 19. BINDING COVENANTS.** All of the covenants, agreements, terms, conditions, provisions and undertakings in this lease, or any renewals thereof contained, shall extent to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto, the same as if they were in every case names and expressed and that the same shall be construed as covenants running with the land, and wherever in this lease reference is made to either of the parties hereto, it shall be held to include and apply also whenever and wherever application to the heirs, executors, administrators, personal representatives, successors and assigns of such party, the same as if in each and every case so expressed.
- 20. BANKRUPTCY.** In the event the tenant files bankruptcy, or a bankruptcy petition is filed for the tenant, or in the event a receiver is appointed for the tenant, then at the sole option of the lessor, this agreement may be terminated immediately.

IN WITNESS WHEREOF, the parties have executed this lease in duplicate

this 30 day of December, 2004.



Tenant



Lessor